

Claims 1-31 and 34 stand rejected under 35 USC §103(a) as obvious over Nguyen et al. (U.S. Patent No. 5,931,917) in view of Rosen (U.S. Patent No. 5,557,518). The rejection is respectfully traversed.

The Examiner repeats the previously asserted basis for the rejection of all claims as set forth in the Official Action dated July 30, 2001, as traversed in the Request for Reconsideration filed on October 30, 2001. In response to over twenty pages of detailed traversal arguments, including the identification of positions taken by the Examiner which cannot be reasonably understood and explicit requests for clarification of the Examiner's position, the Examiner provides approximately one and one-half pages of citations from the MPEP and case law.

In view of the Examiner's response to the detailed substantive traversal arguments presented in rebuttal of the final rejection, it is perhaps worthwhile to first point out that the initial burden of establishing a basis for denying patentability to a claimed invention rests upon the examiner. In re Fine, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); In re Thorpe, 777 F.2d 695, 227 USPQ 964 (Fed. Cir. 1985); In re Piasecki, 745 F.2d 1468, 223 USPQ 785 (Fed. Cir. 1984).

The limitations required by the claims cannot be ignored. See In re Wilson, 424 F.2d 1382, 165 USPQ 494 (CCPA 1970). All claim limitation, including those which are functional, must be considered. See In re Oelrich, 666 F.2d 578, 212 USPQ 323 (CCPA 1981). Hence, all words in a claim must be considered in deciding the patentability of that claim against the prior art.

Each word in a claim must be given its proper meaning, as construed by a person skilled in the art. Where required to determine the scope of a recited term, the disclosure may be used. See In re Barr, 444 F.2d 588, 170 USPQ 330 (CCPA 1971).

The Examiner must provide sufficient factual basis or rationale as to how features of the invention recited in the claims are taught or suggested in the applied art. Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988). That is, objective evidence must be presented by the Examiner in support of the rejection. Without such support, the rejection is improper per se.

MPEP §706.07 clearly requires that "before final rejection is in order a clear issue should be developed between the Examiner and applicant." Indeed, the Manual states that "the references should be fully applied" (emphasis added), so as to deal justly with the applicant as well as the public. The Manual goes on to state that "present practice does not sanction hasty and ill-considered final rejections". "The applicant who is seeking to define his or her invention in claims that will give him or her the patent protection to which he or she is justly entitled should receive the cooperation of the examiner to that end." "The examiner should never lose sight of the fact that in every case the applicant is entitled to a full and fair hearing, and that a clear issue between applicant and examiner should be developed, if possible, before appeal."

In rejecting claims under 35 U.S.C. 103, it is incumbent upon the Examiner to establish a factual basis to support the legal conclusion of obviousness. Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 218 USPQ 871 (Fed. Cir. 1983); In re

Warner, 379 F.2d 1011, 154 USPQ 173 (CCPA 1967). It also is incumbent upon the Examiner to provide a basis in fact and/or cogent technical reasoning to support the conclusion that one having ordinary skill in the art would have been motivated to combine references to arrive at a claimed invention. Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988). In so doing, the Examiner is required to make the factual determinations set forth in Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 148 USPQ 459 (1966), and to provide a reason why one having ordinary skill in the art would have been led to modify the prior art reference to arrive at the claimed invention. Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 227 USPQ 657 (Fed. Cir. 1985). Such a reason must stem from some teaching, suggestion or inference in the prior art as a whole or knowledge generally available to one having ordinary skill in the art. Uniroyal, Inc. v. Rudkin-Wiley, 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988); Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 227 USPQ 657 (Fed. Cir. 1985); ACS Hospital Systems, Inc. v. Montefiore Hospital, 732 F.2d 1572, 221 USPQ 929 (Fed. Cir. 1984); In re Sernaker, 702 F.2d 989, 217 USPQ 1 (Fed. Cir. 1983). Inherency requires certainty, not speculation. In re Rijckaert, 9 F.3rd 1531, 28 USPQ2d 1955 (Fed. Cir. 1993); In re King, 801 F.2d 1324, 231 USPQ 136 (Fed. Cir. 1986); W. L. Gore & Associates, Inc. v. Garlock, Inc., 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983); In re Oelrich, 666 F.2d 578, 212 USPQ 323 (CCPA 1981); In re Wilding, 535 F.2d 631, 190 USPQ 59 (CCPA 1976). Objective evidence must be relied upon to defeat the patentability of the claimed invention. Ex parte Natale, 11 USPQ2d 1222 (BPAI 1988).

In determining obviousness, the inquiry is not whether each element existed in the prior art, but whether the prior art

made obvious the invention as a whole for which patentability is claimed. Hartness Int'l, Inc. v. Simplimatic Eng'g Co., 819 F.2d 1100, 2 USPQ2d 1826 (Fed. Cir. 1987). It is impermissible to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art. In re Wesslau, 353 F.2d 238, 147 USPQ 391 (CCPA 1951). Piecemeal reconstruction of prior art patents is improper, In re Kamm, 452 F.2d 1052, 172 USPQ 298 (CCPA 1972). The Examiner must give adequate consideration to the particular problems and solution addressed by the claimed invention. Northern Telecom, Inc. v. Datapoint Corp., 908 F.2d 931, 15 USPQ2d 1321 (Fed. Cir. 1990); In re Rothermel, 276 F.2d 393, 125 USPQ 328 (CCPA 1960).

The fact that the prior art could be modified so as to result in the combination defined by the claims does not make the modification obvious unless the prior art suggests the desirability of the modification. In re Deminski, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986). The test is what the combined teachings would have suggested to those of ordinary skill in the art. In re Keller, 642 F.2d 413, 208 USPQ 817 (CCPA 1981). Simplicity and hindsight are not proper criteria for resolving obviousness, In re Warner, supra. The proper approach to the issue of obviousness is whether the hypothetical person of ordinary skill in the art, familiar with the references, would have found it obvious to make a structure corresponding to what is claimed. In re Keller, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); In re Sernaker, 702 F.2d 989, 217 USPQ 1 (Fed. Cir. 1983). Hindsight obviousness after the invention has been made is not the test. In re Carroll, 601 F.2d 1184, 202 USPQ 571 (CCPA 1979). The reference, viewed by itself and not in retrospect, must suggest doing what applicant has done. In re

Shaffer, 229 F2d 476, 108 USPQ 326 (CCPA 1956); In re Skoll, 523 F2d 1392, 187 USPQ 481 (CCPA 1975).

Again, the issue is not whether it is within the skill of the artisan to make the proposed modification but, rather, whether a person of ordinary skill in the art, upon consideration of the references, would have found it obvious to do so. The fact that the prior art could be modified so as to result in the combination defined by the claims would not have made the modification obvious unless the prior art suggests the desirability of the modification. See In re Gordon, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984), In re Deminski, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986), In re Keller, supra. See In re Laskowski, F2d., 10 USPQ2d 1397 (CAFC 1989).

It is respectfully submitted that the Examiner has (i) failed to establish a prima facie case for the rejection, (ii) ignored limitations recited in the claims, (iii) failed to properly construe the claim recitations, (iv) failed to apply art which teaches or suggests, the claimed invention, (v) attempted to combine art in a manner for which there is no motivation and (vi) applied art in a manner inconsistent with its teachings.

In support of the rejection of the present claims, the Examiner applies Nguyen as the primary reference.

Nguyen explicitly discloses that "it is desirable (emphasis added) for a computer operated under the control of a merchant to obtain information offered by a customer and transmitted by a computer operating under the control of the customer over a publicly accessible packet-switched network (e.g., the Internet) to the computer operating under the

control of the merchant, without risking the exposure of the information to interception by third parties that have access to the network, and to assure that the information is from an authentic source. It is further desirable for the merchant to transmit information including a subset of information provided by the customer over such a network to a payment gateway computer system that is designated, by a bank or other financial institute that has the responsibility of providing payment on behalf of the customer to authorize a commercial transaction on behalf of such a financial institution without the risk of exposing that information to interception by third parties. Such institution include, for example, financial institutions offering credit or debit card services" (see column 2, lines 36-55).

Nguyen goes on to discuss how the SET protocol can be used to implement such a payment gateway computer system, by requiring "the customer to operate software that is compliant with the secure payment technology, interacting with third-party certification authorities, thereby allowing the customer to transmit encoded information to a merchant, some of which may be decoded by the merchant, and some of which can be decoded only by the payment gateway specified by the customer" (see column 3, lines 3-9). Thus, using the SET protocol, the bank serves as the third-party certification authority to assure that the information (e.g., credit card account number) received by the merchant from the customer is from an authentic source.

Nguyen also describes the alternative SSL protocol which "does not require that the customer interact with any third-party certification authority" (see column 3, lines 21-22). However, Nguyen notes that "SSL does not provide a mechanism

for transmitting encoded information to a merchant for retransmission to a payment gateway such that a subset of the information is readable to the payment gateway, but not to the merchant" (see column 3, lines 29-33).

Nguyen further points out that "banks desire an Internet payment solution that emulates existing Point-of-Sale (POS) applications that are currently installed on their host computers, and require minimal changes to their host systems. This is a critical requirement, since any downtime for a bank's host computer system represents an enormous expense" (see column 3, lines 46-51).

Nguyen asserts that "Internet-based payment solutions require additional security measures that are not found in conventional POS terminals. This additional requirement is necessitated because Internet communication is done over publicly-accessible unsecured communication lines in stark contrast to the private, secure, dedicated phone or leased-line service utilized between a traditional merchant and an acquiring bank. Thus, it is critical that any solution utilizing the Internet for a communication background employ some form of cryptography" (see column 4, lines 10-19). Nguyen goes on to state that "the current state-of-the-art Internet based payment processing is a protocol referred to as SET" (see column 4, lines 20-21), and identifies various problems with the SET protocol, including "SET only handles the message types directly related to authorizing and capturing credit card transactions and adjustments to these authorizations or capture" (see column 4, lines 28-30).

To solve these problems, Nguyen proposes a system in which "secure transmission of data is provided from a customer

computer system to a merchant computer system, and for the further secure transmission of payment information regarding a payment instrument from the merchant computer system to a payment gateway computer system. The payment gateway system receives encrypted payment requests from merchants, as HTTP POST messages via the Internet" (see column 4, lines 43-50). Nguyen goes on to disclose embodiments implementing the SSL and SET protocols (see column 5, lines 7-10 and 61-62). It will be recalled (see above) that Nguyen explicitly discloses that the SET protocol is limited to credit card transactions.

In discussing the SSL protocol implementation, Nguyen explicitly discloses that "among the messages communicated in customer computer system 120 to merchant computer system 130 may be messages that specify goods or services to be ordered and payment information, such as a credit card number and related information, collectively referred to as 'payment information' that may be used to pay for goods and/or services ordered" (see column 15, lines 16-21). Nguyen also teaches that "in order to obtain payment, the merchant must (emphases added) apply this information to the bank or other payment gateway responsible for the proffered payment method" (see column 15, lines 21-23). Hence, Nguyen explicitly requires that the merchant or seller know the identity of the purchaser account, and that without knowledge of the purchaser account the merchant or seller will be unable to obtain payment. Hence, Nguyen explicitly teaches against the present invention which, for example as recited in claim 1, expressly requires that the identity of the purchaser account remain unknown to the merchant or seller.

Thus, if one were to modify the Nguyen system such that the identity of the purchaser account remained unknown to the

merchant, according to Nguyen's explicit teachings, the merchant would be unable to obtain payment of the purchase price. Hence, the Examiner's proposed modification of the Nguyen system (even if somehow motivated by the disclosure of Rosen) would result in an unworkable system according to Nguyen's own teachings.

Rosen, on the other hand, is directed to a system which "utilizes tamper-proof electronic units, referred to as "trusted agents" in combination with money modules to create a secure transaction environment for both the buyer and seller of electronic merchandise and services" (see column 1, lines 6-10). As disclosed by Rosen, such prior art systems use "money modules packaged in tamper-proof housings to store and transfer electronic notes. Money module payments may be either real-time, off-line payments between money modules (e.g., between the money module contained within a customer's 'electronic wallet' and a money module contained within a merchant's point-of-sale terminal) or on-line payments for network services, such as information retrieval and telephone calls, or for purchasing airline tickets, theatre tickets, etc." (see column 1, lines 40-48). Rosen states that the problem with such systems is "the security of payment and delivery" (see column 1, line 50). Hence, Rosen proposes to have trusted agents of the customer and the merchant interface with the previously-proposed money modules (see column 2, lines 12-27).

Accordingly, Nguyen's teachings relate to utilizing existing credit card, debit card and EFT payments, but adds additional security to protect the security of, for example, the purchaser account identity information which must be given by the purchaser or customer to the merchant or seller. Just

as in store-front transactions, under Nguyen's methodology the purchaser or customer must provide a checking account or credit card number, etc. to the merchant. On the other hand, Rosen is directed to a system which implements a methodology entirely different than that utilized in a conventional store-front transaction. Hence, it is entirely unclear how the teachings of Rosen could be applied to modify that which is taught by Nguyen.

Furthermore, the Examiner has failed to provide any reasonable rationale as to how one could modify Nguyen with the teachings of Rosen, let alone how this could be done while continuing to meet Nguyen's objectives. Rather, the Examiner asserts that "Rosen '518 proposes 'anonymous' transaction modifications that would have applied to the electronic commerce teachings of Nguyen." One can only ask what "anonymous transaction modifications" the Examiner is referring to and how the Examiner proposes to apply such modifications.

The Examiner goes on to state that "it would have been obvious at the time the invention was made to a person having ordinary skill in the art to add the modifications taught by Rosen '518 to Nguyen, because it would have been obvious that the disclosure of Rosen '518...which discloses: "payment may be made in one of two alternative forms: by anonymous payment using a money module..." would have been selected in accordance with "the identity of the purchaser account being unknown to the seller..." and because such modifications would have provided "a system which will allow customers to buy electronic merchandise or services on demand... ."

It is respectfully submitted that these bald, unsupported conclusionary statements are nothing more than pure speculation on the part of the Examiner and at best reflect a hindsight reconstruction of the present invention based on the subject application disclosure. More particularly, one can only ask how specifically would one modify the Nguyen system using Rosen's money modules and trusted agents and still accomplish Nguyen's objectives that the system emulate existing Point-of-Sale (POS) applications that bank's have installed on their host computers. Further, it is entirely unclear what would have made it obvious to "add" the unspecified "modifications taught by Rosen '518."

Additionally, as can be best understood, the Examiner contends that it would have been obvious to add the unspecified modifications because such a system would allow customers to buy electronic merchandise or services on demand. However, this objective is met by Nguyen alone, so it is unclear how this could motivate one to modify Nguyen. In fact, Nguyen has an express objective of avoiding changes to conventional POS applications, and hence, explicitly teaches against any modification which would require the use of Rosen's money modules. Therefore, it would appear that the Examiner has completely ignored the explicit teachings of Nguyen, either due to a lack of understanding or a failure to apply the reference fully as mandated by law.

Other features recited in both the dependent and independent claims further and independently distinguish over the applied prior art combination as has been discussed in detail in the prior responses and will therefore not be reiterated herein for purposes of brevity.

In summary, it is respectfully submitted that the Examiner has misapplied the prior art in view of its own teachings, has misconstrued the law, has failed to establish a *prima facie* basis for rejection, has applied art inconsistent with its own teachings, has failed to give due consideration to express limitations set forth in the pending claims, has failed to provide any reasonable objective rationale for the rejections of the claimed invention over the prior art and has failed to apply art which could be reasonably considered to either anticipate or make obvious the invention as claimed. Because the Examiner has also failed to provide any reasonable reply to the extensive and detailed rebuttal arguments traversing the rejection, it is respectfully submitted that the applicants' due process rights have been infringed. Accordingly, it is respectfully requested that the Examiner reconsider and withdraw the rejection.

In view of the foregoing, it is respectfully submitted that the application is in condition for allowance and an early indication of the same is courteously solicited. The Examiner is respectfully requested to contact the undersigned by telephone at the below listed local telephone number, in order to expedite resolution of any remaining issues and further to expedite passage of the application to issue, if any further comments, questions or suggestions arise in connection with the application.

To the extent necessary, a petition for an extension of time under 37 C.F.R. 1.136 is hereby made. Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account No. 01-2135 and please credit any excess fees to such deposit account.

Respectfully submitted,
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